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MALAYSIA KEEPS ECONOMIC DEVELOPMENT ON SCHEDULE

U.S. LIVESTOCK AND MEAT SALES TO EEC

YUGOSLAVS ENCOURAGED TO USE MORE LARD

1967

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Yugoslav farmers, such as those selling produce at this market in southern Yugoslavia, have been increasing their production of hogs and sunflowerseed recently. For story on this and other aspects of that country's fat production and consumption, see page 7.

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How Malaysia Keeps Economic Development on Schedule

National Operations Room is nerve center of this country's successful system for transforming its development plan to a record of achievement.

By JAMES DUNBAR BELL
American Ambassador to Malaysia

Malaysia's First Five-Year Development Plan—in which rural and agricultural development has top priority—is a coordinated, multiphased plan in which each element of government has its accountable part to carry out. The score on accomplishments under the plan is kept by a unique system of reporting and recording on view in a National Operations Room in Kuala Lumpur and in similar installations located throughout the country.

In the story below, Ambassador Bell—who has observed many foreign countries at close range in his 26 years of government service—describes Malaysia's approach to development and the way in which operations-room scorekeeping is spurring development progress.

Virtually every developing country in the world has an economic and social development plan. Many have had them in the past. With the fairly large reservoir of books, monographs, and treatises that have appeared during the past 20 years and the expert technical advice available from international agencies and private foundations, it is no longer much of a problem to tell any newly independent country how it could use its material and manpower resources to improve the economy and the standard of living of its people.

Yet those countries that have gone from plan to results on schedule are rare. The tough question seems to be: How do you make the plan work effectively? how do you get results? This final, essential ingredient in a successful development program—a way to make it work—is being evolved in Malaysia.

In June 1960, the Malaysian Government officially declared an end to its 12 years of "emergency"—fighting communist insurgency. During much of that 12-year period, Malaysian and British authorities maintained a war-operations room in Kuala Lumpur, where careful account was kept of all encounters with communist insurgents and all intelligence on insurgent activities was collated. In this room countermeasures were planned and orders given to meet the "emergency."

After 12 years of this struggle, Malaysian Government authorities were fully aware that military victory was only half the battle and that all their efforts must be devoted to carrying out a sound economic and social development plan—if the conditions for lasting peace and progress were to be achieved.

Adaptation of military technique

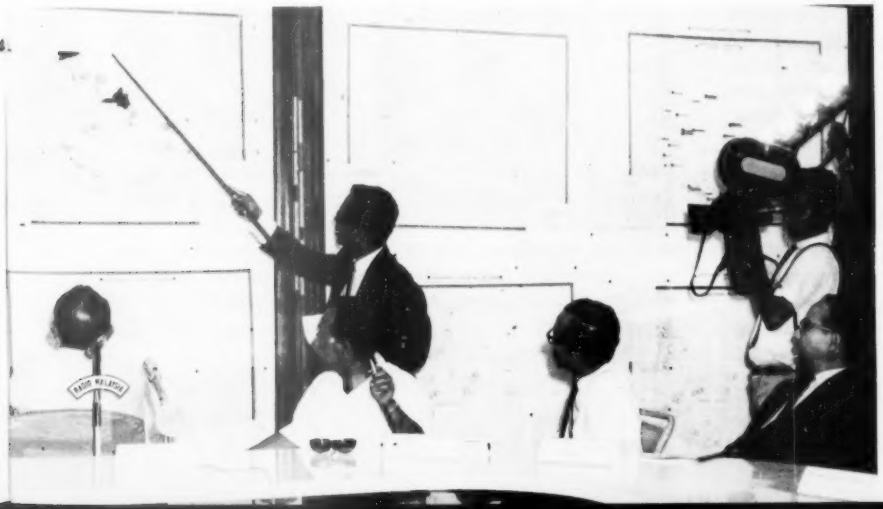
Shortly before the formal ending of the "emergency," Deputy Prime Minister Tun Abdul Razak established district, state, and federal development teams, each of which was directed to set up and maintain a development operations room. These were to be patterned after the military operations room of the emergency period, but were not to be copies of them.

From this decision have developed techniques for carrying out a development program that appear to be unique and which unquestionably have been highly successful.

Basically, an operations room brings together at one central point all information on all aspects of economic planning and—more importantly—the progress being made on each project in every field of activity. There are 114 of these rooms in Malaysia—one from Kuala Lumpur for the nation, 13 at state capitals, and 100 in districts or subdistricts.

Malaysia has three, sometimes four, levels of development planning and implementation. The National Develop-

Below, a briefing session in district operations room at Banting, Selangor—one of 114 such rooms in Malaysia. Man with pointer is district officer. Right, one of the "red books" that help in monitoring development progress being studied by Ambassador Bell, left, and Deputy Prime Minister Tun Razak.



ment Committee, under the chairmanship of the Minister of National and Rural Development (who is also Deputy Prime Minister), includes the Ministers of Health, Works, and Education. At the state level, the chief minister is chairman of the committee; all heads of state departments and elected members of the state executive council are on the committee. In addition, the state education officer, health officer, agriculture officer, road and water engineers, and others participate. District officers chairman third-level committees, which consist of heads of departments and elected district representatives.

This system provides a two-way flow of suggestions and proposals. A small project for a new bridge or improvement of an irrigation system in a rural area usually originates at the village level and is passed up through district and state committees. A major project, such as the Muda River Irrigation Scheme which will cost more than $68 million, is planned at the national level. Other projects are often initiated by district committees.

"Red books" tell the story

Heart of the technique for monitoring the progress of development are the "red books," which are designed to give a complete picture of all development activity in each of the 100 districts and subdistricts of the country. These books—2½ by 3 feet—consist almost wholly of charts, maps (many with overlays), succinct tables, and a minimum of prose. Emphasis is on graphic format that shows progress of each project at a glance.

Producing and keeping a "red book" is the responsibility of each district development committee. Three copies of each book are made—one for the district operations room, one for the state room, and one for the national room. The books are constantly revised as progress is made and as new projects are added, so they are always up to date.

The main areas of emphasis included in all the "red books" are roads and bridges, land development, water supplies, processing and market facilities for rural produce, rural industries, schools and playing fields, health centers, irrigation for paddy areas, cooperatives, and electricity and telecommunications.

The progress of each development project is plotted month by month through five development stages from preliminary action, A, to completion, F. In the sample chart below, the upper triangles show the planned progress. The lower triangles are the stage actually reached each month. Thus, in the sample, the project should have reached stage B in April, but did not. However, by July stage D had been reached, ahead of the plan, which did not call for this stage of progress until August.

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
A/A	A/A	A/A	B/A	B/B	C/C	C/D	D/D	E/E	E/E	E/E	F/F

This simple charting gives a quick, clear, accurate picture of all projects in every district throughout the country, enabling the responsible government officials to determine at a glance where bottlenecks exist, where decision and action are required.

In addition to the "red books," each operations room has large wall charts and maps—6 to 7 feet square—plotted for projects in each geographical area of the country. All are kept up to date.

Periodically meetings are held at all levels, at which the operating heads of all government departments concerned are present. Each department head must justify the state of progress of each project for which he is responsible.

If a project is running behind schedule because of a particular problem the chairman of the committee will, if possible, make a decision solving the problem on the spot. If this can't be done, the problem will be taken to the next higher level. It may eventually reach the Deputy Prime Minister, who makes a decision quickly that will keep the program rolling.

Memos and paperwork are vigorously discouraged. At the national level, tape recordings are made of briefings by operating heads of departments. Each official responsible knows he is on record and must improve his performance if a project is behind schedule.

Chairman Tun Razak of the National Development Committee does not confine himself to sitting in the national capital and issuing directives. He is a man on the move. Frequently he calls briefings to review projects underway on very short notice. Every year he visits each district office in the country at least once—many of them five or six times. He makes similar calls at state operations rooms to meet with the state committees.

The frequency of Tun Razak's visits depends on how well things are going. In states or districts where the program is not moving, officials are likely to find him dropping in very often. He has said that he does not travel to feel the "pulse of development" where it is beating strongly and regularly—his job is where it is weakening or disappearing. When he finds the pulse weak, the problems and obstacles in the way of progress are discussed. Usually a decision is made on the spot as to how the patient can be restored to full vigor.

Malaysian development officials are acutely aware of the passage of time. Tun Razak constantly emphasizes that the five-year plan must really be carried out in about 1,000 working days—when holidays, weekends, vacations, and time lost from sickness are deducted.

What makes the program work?

The techniques of the "red book" and progress charts by themselves do not necessarily produce results. In the end, it is the dynamic character and dedication of those in authority that make the program work.

Tun Razak's enthusiasm for results and his insistence on the elimination of unnecessary and time-consuming bureaucratic procedures translates the plan into accomplishment. On a visit to the field, he has been known to order an official transferred within 24 hours, usually to give him another chance at a new location.

The message gets home. Those who work on the Malaysian development program know that promotion depends on results, not on the production of a mass of reports, memos, and other paperwork.

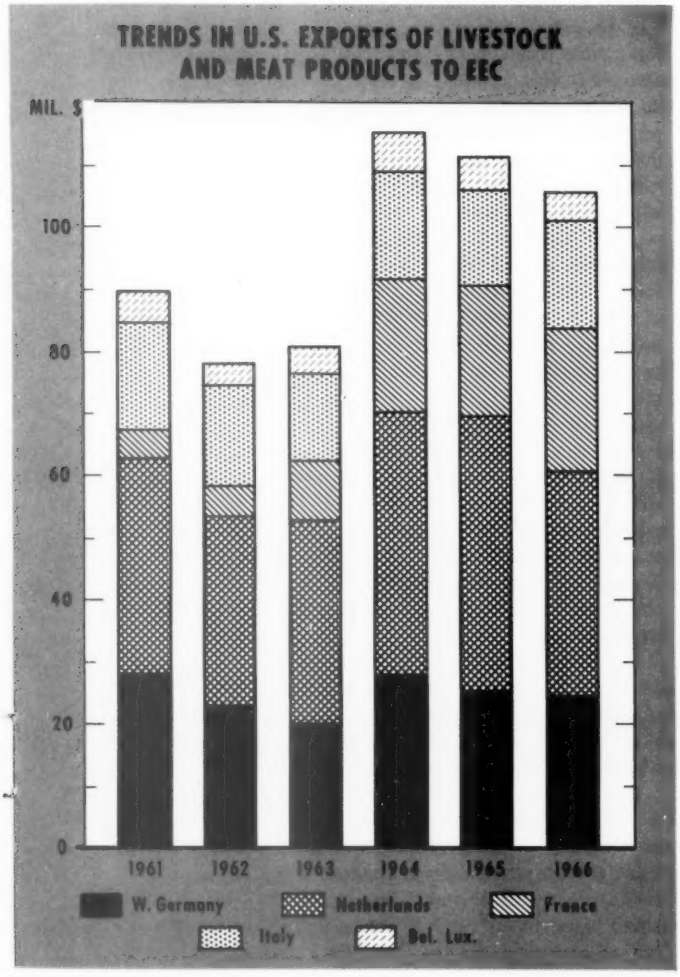
Officials working on Malaysia's First Five-Year Development Plan quickly admit that the system and techniques they have developed are not perfect. Some delays do occur. However, these seem to be relatively insignificant, and the job gets done quickly and efficiently.

Malaysia is ready and willing to show her system to and share her experience with other developing nations. In fact, she has already begun this sharing. In the past year, 18 Asian and African countries have sent representatives to Kuala Lumpur to study and learn at two 10-day seminars on development techniques.

Prospects Good for U.S. Livestock and Meat Sales to EEC

The Common Market is expected to continue as a major importer of American animal products despite shifting trade patterns.

By HARLAN J. DIRKS
Livestock and Meat Products Division, FAS



The Common Market (EEC) countries—Belgium, Luxembourg, the Netherlands, Italy, France, and Germany—are a top dollar market for about one-fourth of the meat and animal byproducts exported from the United States. Prospects appear excellent for continued large sales in the years ahead—if access to this market can be maintained.

Prospects for larger sales to the EEC are good for variety meats, hides and skins, and possibly beef and mohair. Sales of tallow and greases should hold up well. Sales prospects are less good for pork, lard, and casings.

The EEC is now in the final stages of implementing the "Common Market" principle for livestock. As of July 1, 1967, plans were completed for the establishment of a single market for pork. The formation of a common market for beef is scheduled for April 1, 1968. The single market policy essentially means that all levies and duties on intra-Community trade will be eliminated and a common external tariff (CXT) established against third countries. This will allow free movement of animals and products between member countries and permit the gradual movement toward common price levels.

The progressive elimination of obstacles to trade within the Community is expected to have definite impact on third countries. The shift in production and trade patterns among member countries may eventually mean a complete market loss for some traditional third country suppliers. Certain countries may even find additional competition from EEC producers in markets outside the Community because of the EEC price intervention and export subsidy program for livestock and meat products.

Common external staff

The CXT consists of two parts—levies and duties. The current system for applying import levies on beef and pork is not expected to change substantially when EEC organization is completed. The purpose of the levy system is to control the level of imports in order to maintain domestic prices at target levels. Traditional U.S. exports of variety meats, tallow, hides and skins, and casings to the EEC are not affected by the levy system.

Variable levies on beef are calculated on the basis of the difference between the orientation price—sometimes called the target price—for live cattle in the Community and the computed "world" import price for cattle. The world price is a weighted average price of cattle in Denmark (50 percent), the United Kingdom (25 percent), Ireland (15 percent), and Austria (10 percent). The so-called world price becomes a computed import price when a transportation charge of about $0.75 per cwt. and a 16-percent duty are added. The difference between these two then becomes the levy, calculated each week.

When the market price of cattle in a member country is less than the orientation price, full levies can be applied. When prices are between 100 and 105 percent of the orientation price, one-half levies are applied. When prices are above 105 percent of the orientation price, no levies are applied. In addition to levies, there is a 20-percent duty on beef imports.

The levy system for pork consists of three parts. The first element of the levy is assessed to offset the difference

in costs of feedgrain based on EEC prices and world prices. To this amount is added a fixed factor—equal to 7 percent of the average gate price—to allow for differences in production efficiency within the EEC as compared with external sources and to provide protection for processors. Then, if the third country offer price, free at the border, is less than the gate price, a supplementary levy is charged to offset the difference. In contrast to beef levies—which are regulated automatically by a pricing mechanism—pork levies are in effect continuously. In addition to the levies, there is a 20-percent duty on all pork imports. The EEC has a uniform subsidy program for pork and lard exports.

Kennedy Round

The United States obtained some duty concessions on livestock and meat products from the Common Market in the recent Kennedy Round negotiations which are expected to help stimulate exports. Concessions were obtained on some of the top dollar-earning byproducts. Duty reductions will be phased over a 4-year period.

In total, the United States obtained concessions on trade in livestock and meat products valued at $70 million in 1966 from the EEC. The range in duty reduction was from 20 to 100 percent. Import duties for variety meats, where U.S. trade was valued at $35 million, were reduced from 20 percent ad valorem to 13 percent. The duty on inedible tallow, with U.S. trade valued at $36 million, was reduced from 2 percent ad valorem to free. The duty on edible tallow, with U.S. imports valued at about a half million dollars, was reduced from 10 to 7 percent ad valorem. Duties on hides and skins, casings, and mohair were previously bound to GATT at zero.

Market outlook

Exports of livestock and meat products to the EEC in 1966 amounted to $106 million, down $9 million from the record high set in 1964, but well above the early 1960's level. The Common Market is a prime outlet for animal byproducts. In 1966, it took 60 percent of the variety meats—livers, hearts, tongues, sweetbreads, etc.—21 percent of the tallow, and 18 percent of the hides and skins exported from the United States.

• *Variety meats.* U.S. exports of variety meats to the EEC in 1966 totaled $35.1 million, up 2 percent from the 1965 level and more than double that of 1961. France is currently the most important importer, taking about half the variety meats shipped to the EEC.

The outlook for increased exports is favorable. The most important breakthrough was the 35-percent reduction in CXT obtained in the Kennedy Round. The West German market, which was closed to U.S. pork variety meats because of brucellosis, is now open to 37 States that qualify for USDA certification. Another encouraging development is the amendment in the West German veterinary regulations, which will permit import of frozen beef tongues.

Italy—a potentially large market—is virtually closed to U.S. variety meats due to veterinary regulations. It will not permit entry of U.S. beef offals because it contends that stilbestrol is used in cattle feeds and of U.S. pork offals because of trichina. Opening of this market would be a big boost to exports.

• *Tallow and greases.* Tallow exports to the EEC in 1966 were valued at $35.6 million, down slightly from 1965. The total has declined since the early 1960's.

Although the recent duty cuts by the Common Market may help to spur imports, the increased use of synthetic detergents in the Common Market area may tend to reduce the demand for tallow. However, the demand for tallow in livestock and poultry feeds is expected to rise. This is particularly true because of the rapidly expanding broiler industry in the EEC. Prospects are for a firm, but probably not an expanding market in the years ahead.

• *Hides and skins.* U.S. trade in hides and skins with the EEC totaled $28.4 million in 1966, down slightly from 1965 but well above the levels of the early 1960's. The EEC has been an especially strong hide market for the past 3 years. Since no new restrictions are anticipated and the duty on hides is bound at zero, a good market outlet is foreseen in the future. The cattle-hide deficit is expected to widen in the EEC.

• *Red meats.* U.S. red meat exports to the EEC have not been important. Pork exports were heavy in 1964 when U.S. output was high but dropped sharply in 1965 and 1966. The long-term outlook for pork sales is dim because the EEC is expected to become self-sufficient.

Beef exports to the EEC rose rather sharply during the 1964-66 period, but are still minor in terms of total sales. The United States is attempting to establish a market for top-quality choice beef—mostly loins and ribs—in the EEC countries. This type of grain-fed beef is not commonly produced nor consumed in Europe. There have been some problems in getting this product introduced. In addition to the levies and duties, the main problems have been sanitary restrictions. West Germany—a potentially large importer—will not permit imports of beef in less than whole carcasses, no primal cuts. Italy will not permit imports of beef derived from animals fed hormones. In spite of these problems, there appears to be a good potential market for choice beef in the fine restaurants of Europe.

• *Lard.* Lard exports to the EEC in 1966 amounted to only $692,000, down drastically from a high of $3.1 million in 1961. The big drop occurred in 1965 when U.S. lard available for export declined sharply.

Prospects for U.S. exports of lard to the Common Market appear dim. Lard imports are subject to both duties and levies. In recent years European consumers have tended to substitute vegetable oils for animal fats. At the same time, domestic lard production has increased. In fact, France, Belgium, and the Netherlands have had surpluses in recent years and have been shipping increasing amounts to the United Kingdom.

• *Casings.* U.S. exports of natural casings to the six EEC countries in 1966 were $1.3 million. The dollar value of casing exports to the EEC has been declining since the early 1960's. Germany is the largest outlet for casings, taking about half the shipments in 1966.

The prospects for casing exports to the Common Market are just fair. The zero duty may help to increase imports, but animal casings are facing increased competition from artificial casings throughout Europe.

• *Mohair.* U.S. exports of mohair to the EEC have fluctuated widely since 1960. Exports in 1966 were valued at $1.4 million, down sharply from $4.3 million in 1963. The EEC represented about 16 percent of the total export market for U.S. mohair in 1966. The demand for this specialty hair varies, depending on the type of cloth in demand. But, since no mohair is produced in the EEC, and there is no duty, a sizable market—though variable—is expected.

Yugoslav Government Price Policy Encouraging Lard Consumption

By CLYDE R. KEATON
Foreign Agricultural Service

Yugoslav diets today contain much more fat and oil than they did 10 years ago. The sharp rise in consumption—from about 170,000 metric tons in 1957 to over 285,000 metric tons in 1966 and an expected 292,000 metric tons in 1967—has been due chiefly to increased use of edible vegetable oils. The increased requirement for vegetable oils has been met by a rapid rise in imports, mostly from the United States, and larger domestic production of sunflowerseed oil.

Lard consumption, which has been lower than it was in 1957 for 6 of the 9 years since, is also on the upswing.

In 1953, Yugoslavs used 30,000 metric tons of edible vegetable oils, about 3.5 pounds per person. In 1967, they are expected to use about 152,000 metric tons, nearly 15.4 pounds per person. This increase has resulted mainly from two circumstances.

First, the Yugoslav Government in an effort to upgrade the diets of its citizens in the mid-1950's encouraged the greater use of vegetable oil and a reduction in the consumption of lard. They did this by blending imported soybean oil with domestic sunflowerseed oil and selling the mixture for about 4.4 cents a pound less than lard.

Second, programs under U.S. Public Law 480 made it possible for the Yugoslav Government to buy large supplies of U.S. vegetable oils for local currency until 1964 when sales began under long-term credit.

In addition, Yugoslav production of sunflowerseed rose sharply, and higher incomes enabled consumers to select higher quality shortening.

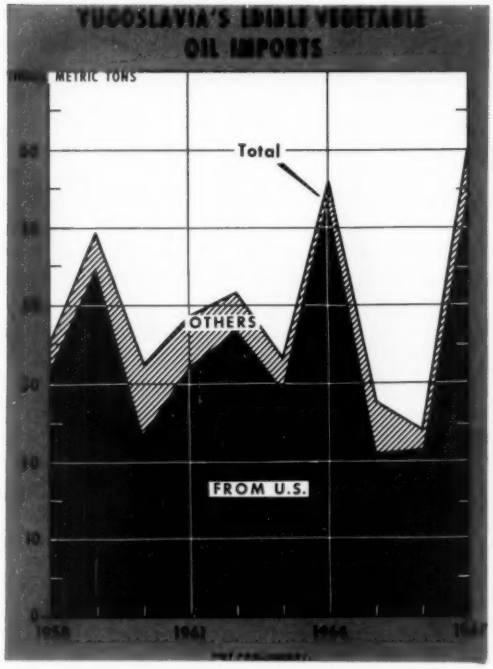
Lard consumption decreased from 136,000 metric tons in 1953 to 124,000 in 1963. Since then it has increased each year; it is expected to reach 140,000 metric tons this year. Per capita, the annual consumption fell from about 17.2 pounds in 1953 to 14.3 pounds in fiscal year 1964. It is expected to be about 15.7 pounds this year.

The recent rise in lard use came about because of a change in government price policy in 1966. The price of lard was reduced about 4 cents per pound and the price of vegetable oils increased about 4.2 cents a pound.

Two factors figured in the price changes. The price of lard was lowered to help reduce a 30,000-metric-ton surplus of domestic lard, which had resulted from a rapid increase in hog numbers and hog slaughter. The price of oil was increased because the Yugoslav Government was no longer able to buy U.S. vegetable oil for its own currency but had to pay for it in hard currency—in cash or under long-term credit agreements.

From 1957 to 1966 production of sunflowerseed tripled in Yugoslavia. The increase was due partly to an increase in acreage and partly to increased yield per acre.

During this period, the yield of oil from sunflowerseed increased from an average of about 32 percent extraction to 38 percent. The higher yields resulted from the work of Yugoslav plant breeders in cooperation with breeders in other countries of Eastern Europe and in the USSR. Still higher yields are in the offing, according to Yugoslav scientists and government officials, who believe the average yield may reach 42 percent in the next year or two. They report that a new variety which yields 47 to 48 percent oil has been developed and is now grown on a commercial basis. Presently, large areas are planted to this and other higher oil-yielding varieties.



Development of other varieties of sunflowerseed that yield up to 65 percent of oil has been reported; these varieties, however, are still in the experimental stage.

Sunflowerseed production might have increased even more in the past 2 or 3 years had it not been for the appearance of several virus diseases that affect the growing plant. In addition to reducing yields, these diseases probably also curtailed production and income.

Yugoslav scientists are working on these diseases, hoping to find a control or cure in the near future. If they fail, there could be a wholesale shift from sunflowerseed production to production of crops more stable in yield and more certain to produce a profit.

YUGOSLAVIA'S SUNFLOWERSEED PRODUCTION

Year	Acreage	Production
	1,000 acres	*1,000 metric tons*
1957	201.6	92.70
1958	181.9	79.60
1959	213.0	114.00
1960	182.1	98.30
1961	212.0	117.00
1962	240.7	161.00
1963	345.9	231.00
1964	360.8	260.00
1965	392.9	265.00
1966	380.5	282.00

Yugoslav Statistical Yearbook, 1966.

Dr. Keaton was U.S. Agricultural Attaché in Yugoslavia when he wrote this article.

EEC Expected To Harvest Record Grain Crop

Preliminary estimates based on individual country data indicate that the European Economic Community (EEC) will harvest 67 million metric tons of grain this year (66.2 million excluding rice). This estimate—which exceeds some projections for 1970—compares with about 59 million in 1966 and the previous record of 61.1 million in 1965.

It is estimated that coarse grain production will reach 32 million tons; the previous high in the past 5 years was 28.4 million in 1963. Coarse grain acreage totaled 24.4 million acres in 1967, compared with 23.5 million a year earlier. The increased area went to barley and corn. The barley yield is calculated at a record 1.4 tons per acre, but the corn yield is expected to fall below the unusually high 1966 level of 1.6 tons.

The wheat harvest is estimated at 30 million tons, slightly below the record 30.5 million in 1965. Wheat acreage in 1967 totaled 24.2 million acres, down about 2.5 percent from 1966, and yield is calculated at 1.2 metric tons per acre. During 1962-66, yields ranged from 1.0 to 1.1 metric tons per acre.

Generally excellent weather throughout the EEC had a very favorable impact on grain yields this year. The effect of higher rates of fertilizer application and other variables on production levels cannot be assessed at this time.

—REED E. FRIEND
Foreign Regional Analysis Division
Economic Research Service

Belgian Flax Production Lower This Year

The 1967 Belgian flax crop is estimated at 98,620 metric tons, 31.48 percent less than last year's, according to preliminary data that have been released by the National Institute of Statistics.

Acreage planted to flax declined sharply this year, totaling only 35,837 acres compared with 58,209 acres in 1966 and 66,754 acres in 1965. However, yields were higher this year than in the two preceding years and crop quality was much better, as a result of prevailing excellent weather conditions throughout the growing period.

Low demand, low prices

The continued downtrend in production is still due in part to existing heavy stocks at the flax-processor level and to results of surplus production in 1964. Also, since the 1965 and 1966 crops were of poor quality, demand for domestic supplies has been substantially reduced and prices offered to producers very low. Despite the subsidy of about $16.18 per acre granted by the government to flax producers, growers still consider flax production less profitable than other cultures.

To encourage processors to use more domestically produced flax and thus stimulate flax production, the government granted flax processors an additional subsidy of $20.23 per acre for the retting and scutching. (Nearly all flax produced in Belgium is under contract.) Since the EEC did not take the action necessary for the common organization of the flax market before July 1, 1967, and since subsidies have also been granted for years by other EEC countries, Belgium saw no objection to taking similar measures to protect its own production.

It is generally believed that the critical phase of the Belgian flax crisis has passed. This year's short production will help industry reduce its stocks and so improve the balance between supply and demand. Prices have improved considerably during the first half of 1967, and prospects for the year are much more optimistic.

—Based on dispatch from CLAYTON E. WHIPPLE
U.S. Agricultural Attaché, Brussels

Canada To Support Wheat Prices

Canada will support domestic prices with subsidies on wheat sold by the Wheat Board below the minimum price levels agreed to in the International Grains Arrangement (IGA), according to a September 27 announcement by Canadian Trade and Commerce Minister Robert Winters. Although the IGA minimum prices will not become effective until July 1, 1968, the subsidies are to apply to all sales of wheat made from the beginning of the current marketing year (August 1, 1967).

Minister Winters stated that the minimum price for Canadian No. 1 Northern, in-store at the Lakehead, was C$1.95½. He also stated that on September 27, No. 1 was about ¾ cent below the new agreement minimum and No. 3 was 2 cents above the new minimum for that grade. He further added that the recent strengthening of the market should mean that the subsidy would not involve a heavy cost to the Treasury.

Since this subsidy will be paid directly to the Wheat Board, it means that although sales prices could go below the new IGA minimums, the guaranteed payments to farmers will be supported at C$1.95½ for Manitoba No. 1 and $1.90 for No. 3. Supports for these two grades of wheat are basis in-store Lakehead position, which is approximately equivalent to $1.77½ and $1.72, respectively, in on-farm position.

Two payments for farmers

Under the Canadian marketing system, wheat farmers' total return is based on two payments: the initial or guaranteed payment and the final payment. For the past 5 years the initial payment—basis in-store Lakehead—has been C$1.50 for No. 1 Manitoba; payments for other grades are slightly less. From this payment the farmer must deduct transportation costs, handling fees, and Wheat Board operating expenses. Typically, these charges run about 18 cents per bushel.

The final payment for wheat is distributed to farmers by the Board after the close of the marketing year. In January 1967, the Wheat Board distributed a final payment for the 1965-66 marketing year that averaged 48 cents per bushel. For Manitoba No. 1 the final payment that year was 50 cents and for No. 3, 46 cents. Total payments for these two grades of wheat C$2.00 and C$1.88, respectively, at the Lakehead.

Although the final payments for the 1966-67 crop year have not been announced, they are expected to be somewhat higher than in the preceding year, since average sales prices for No. 1 were up 12 cents and those for No. 3, up 17 cents. Initial payments were the same as in 1965-66.

—JAMES P. RUDBECK
Grain and Feed Division, FAS

Large Italian Walnut Crop

Commercial production of Italian walnuts is estimated at 26,000 short tons in-shell basis, 39 percent above the 1966 crop of 18,700 tons and 4 percent above the 1961-65 average of 25,000 tons.

Exports are forecast at 15,000 tons in-shell basis for the 1967-68 marketing season. Preliminary data indicates 1966-67 exports totaled 8,500 tons, the lowest level in recent years. West Germany was the major export market for Italian walnuts during 1966-67.

ITALY'S WALNUT SUPPLY AND DISTRIBUTION
[In-shell basis [1]]

Item	1965-66	Preliminary 1966-67	Forecast 1967-68
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Oct. 1)	1.5	0.5	0.1
Production	27.0	18.7	26.0
Imports	0.3	1.0	0.1
Total supply	28.8	20.2	26.2
Exports	14.4	8.5	15.0
Domestic disappearance	13.9	11.6	11.2
Ending stocks (Sept. 30)	0.5	0.1	—
Total distribution	28.8	20.2	26.2

[1] Shelled data converted to in-shell basis at 2.5:1.

Rains Damage Greek Fig Crop

Eight consecutive days of rain in late August and early September damaged the Greek fig crop. Fig production, originally expected to approximate the 1966 pack, is now estimated at 22,000 short tons. The final turnout is expected to run about 19 percent below last season's pack of 27,000 tons and 22 percent below the 5-year 1961-65 average.

GREEK SUPPLY AND DISTRIBUTION OF DRIED FIGS

Item	Average 1961-65	1965-66	1966-67	Forecast 1967-68
	Short tons	*Short tons*	*Short tons*	*Short tons*
Beginning stocks (Sept. 1)	—	—	—	—
Production	28,160	24,500	27,000	22,000
Imports	—	—	—	—
Total supply	28,160	24,500	27,000	22,000
Exports	14,800	12,600	12,500	11,000
Domestic disappearance	13,360	11,900	14,500	11,000
Ending stocks (Aug. 31)	—	—	—	—
Total distribution	28,160	24,500	27,000	22,000

Greek exports are expected to drop to the lowest level in recent years. A shortage of Grade A figs is expected to hamper exports to the United States during 1967-68. To meet commitments, exporters have requested permission to mix 50 percent Grade B figs with the normal Grade A. The principal markets for Greek figs during the 1966-67 season were the USSR, Hungary, West Germany, and the United States. Sharply higher purchases by the USSR highlighted the otherwise slack 1966-67 export season.

GREECE'S EXPORTS OF DRIED FIGS

Country of destination	1965-66	1966-67
	Short tons	*Short tons*
European Economic Community:		
Germany, West	2,413	1,459
France	1,051	639
Italy	[1] 316	313
Netherlands	24	—
Total EEC	3,804	2,411
Soviet-oriented countries:		
USSR	772	3,307
Hungary	1,944	1,876
Poland	654	766
Romania	383	519
Germany, East	254	342
Bulgaria	465	143
Czechoslovakia	5	—
Total	4,477	6,953
Other countries:		
United States:		
Whole figs	1,447	1,080
Fig paste	609	35
Canada	223	[2] 431
Brazil	791	417
Yugoslavia	179	382
Libya	96	138
Australia	108	115
Switzerland	188	97
Malta	70	93
United Kingdom	81	85
Sudan	109	71
Austria	209	65
Denmark	127	44
Kenya	23	26
Other	23	16
Total	4,283	3,095
Grand total	12,564	12,459

[1] Includes 22 tons fig paste in 1965-66. [2] Includes 85 tons fig paste in 1966-67.

New Sugar Mill Planned for Ecuador

Ecuador's Ministry of Industry and Commerce in a release on August 16 reported that Hacienda La Clementina, a Swedish enterprise located in the Province of Los Rios, is planning to establish a new sugar mill. The mill will have a capacity of 55,000 to 60,000 metric tons of raw sugar production annually.

An appreciable amount of the cane to supply the new sugar mill will be produced by individual growers to whom the company will provide seeds, credit, equipment, and technical assistance. The new company plans to produce refined sugar and also dedicate part of its production for sale in the world market, exporting as a start around 30,000 metric tons annually.

The information given by the Ministry of Industry and Commerce indicates that preliminary negotiations are being made with a U.S. firm for the installation of a plant to manufacture carton boxes, using sugar bagasse as a principal raw material.

Currently Ecuador is producing close to 170,000 metric tons of sugar annually and with the added production of

the new mill, the country will have more than enough sugar to cover consumption needs and the United States quota. It is expected that Ecuador will be able to enter the world market.

Canada Ships More Flue-Cured Tobacco

Canada shipped a little more flue-cured abroad in the early months of this year than in the same months a year ago. During the period January-May 1967, exports of flue-cured tobacco were 24.8 million pounds, compared with 22.3 million last year. In both periods, most of the exports were destined to the United Kingdom. Average price of total exports this year was equivalent to US$1.08 per pound. Most Canadian flue-cured is exported in stemmed form.

CANADIAN FLUE-CURED TOBACCO EXPORTS

Destination	January-May	
	1966	1967
	1,000 pounds	*1,000 pounds*
United Kingdom	20,180	22,116
Denmark	626	630
Germany, West	26	415
Netherlands	133	246
Finland	0	148
Jamaica	37	140
Malaysia [1]	338	104
Others	933	965
Total	22,273	24,764

[1] Includes Singapore.
Trade of Canada.

U.S. Tobacco Exports for August 1967

U.S. exports of unmanufactured tobacco in August 1967, at 43.5 million pounds, were down 23.7 percent from the 57.0 million shipped out in August last year. Exports of most kinds of tobacco, except Maryland, were below those of August 1966. Maryland shipments, however, at 1.7 million pounds were about triple the 572,000 pounds for August 1966.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	August		January-August		Change from
	1966	1967	1966	1967	1966
Cigars and cheroots					*Percent*
1,000 pieces	7,037	6,740	55,605	48,506	−12.8
Cigarettes					
Million pieces	2,117	1,917	15,980	16,287	+1.9
Chewing and snuff					
1,000 pounds	15	21	294	215	−26.9
Smoking tobacco in pkgs.					
1,000 pounds	74	120	648	859	+32.6
Smoking tobacco in bulk					
1,000 pounds	1,217	988	8,659	10,771	+24.4
Total declared value					
Million dollars	11.9	11.0	86.4	92.9	+7.5

Bureau of the Census.

Total exports for the first 8 months of 1967 were 326.5 million pounds, compared with 276.6 million for the period January-August 1966, an increase of 18 percent.

Exports of tobacco products in August 1967 were down moderately from those of August a year ago. Cigarette exports, at 1,917 million pieces, were down 9.4 percent; shipments of smoking tobacco in bulk, at 988,000 pounds, were nearly one-third under those of August 1966. For January-August 1967 the total value of all tobacco product exports was $92.9 million, up 7.5 percent from the value of product exports for the first 8 months of 1966.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
(Export weight)

Kind	August		January-August		Change from
	1966	1967	1966	1967	1966
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	46,637	32,847	205,402	237,243	+15.5
Burley	4,861	2,281	30,290	33,463	+10.5
Dark-fired Ky.-Tenn.	2,145	1,142	10,766	13,434	+24.8
Va. Fire-cured [1]	105	349	2,339	2,597	+11.0
Maryland	572	1,699	5,836	9,923	+70.0
Green River	14	35	457	798	+74.6
One Sucker	26	21	99	688	—
Black Fat	313	356	2,354	2,881	+22.4
Cigar wrapper	269	178	3,208	2,365	−26.3
Cigar binder	53	53	1,566	1,481	−5.4
Cigar filler	16	23	536	497	−7.3
Other	1,941	4,474	13,755	21,155	+53.8
Total	56,952	43,458	276,608	326,525	+18.0
Declared value	*Mil. dol.* 49.1	*Mil. dol.* 37.9	*Mil. dol.* 231.2	*Mil. dol.* 277.5	*Percent* +20.0

[1] Includes sun-cured.
Bureau of the Census.

Mainland China's Tung Oil Exports Decline

Tung oil movements from Mainland China in 1966, as indicated by reported imports into major importing countries, amounted to 18,670 short tons—2,235 tons less than those in the previous year and 8 percent below those during the 1960-64 period. The decline was reflected chiefly in reduced movements to the United Kingdom and West Germany, although movements to Japan and Italy increased substantially.

TUNG OIL IMPORTS FROM MAINLAND CHINA

Importing country	Average 1960-64	1963	1964	1965 [1]	1966 [1]
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*
Austria	127	40	140	157	251
Belgium	115	40	143	313	278
Denmark	423	353	471	395	420
France	341	388	355	779	464
Germany, West	2,028	962	1,636	2,797	1,920
Italy	486	254	312	414	935
Netherlands	642	785	1,045	1,188	1,235
Norway	207	58	157	247	[2] 200
Sweden	928	815	985	966	[2] 1,000
United Kingdom	2,513	1,431	3,678	4,567	3,160
USSR	5,425	1,985	1,985	[2] 2,000	[2] 2,000
Hong Kong	2,570	2,463	2,452	1,908	1,088
Japan	2,250	2,330	3,695	3,591	4,336
Australia	1,174	1,208	970	1,245	1,068
New Zealand [3]	205	141	178	262	240
Others [4]	789	168	65	76	75
Total	20,223	13,421	18,267	20,905	18,670

[1] Preliminary. [2] Estimated. [3] 12 months of year shown ending June 30. [4] Includes Mexico, Poland, India, and Malaysia.
Compiled from official and other sources.

By reason of reduced tung nut harvests and/or increased domestic utilization, Mainland China—which some years ago dominated the world tung oil market—has in recent years sharply reduced its exports to less than two-fifths of those during the 1955-59 period.

It appears that tung oil exports from Mainland China in

1967 are declining further. During the January-March period northbound shipments of tung oil through the Suez Canal (presumed to be virtually all from China) amounted to only 1,180 tons compared with 1,906 tons and 4,066 tons in the same 3 months of 1966 and 1965 respectively.

In January-June this year the United Kingdom imported 3,893 tons of which only 739 tons were from China. Comparable imports in the first half of 1966 amounted to 2,610 tons with 1,725 tons reported from China. West Germany, another major market for tung oil, imported only 1,770 tons in the first half of 1967 compared with 2,258 tons in the same months of 1966.

Closure of the Suez Canal on June 5 has impaired the competitive position of Chinese tung oil in European markets relative to that for oil from South America. If the canal continues to remain unopened, a larger proportion of Chinese oil exports may move to markets in Asia and Oceania, principally Japan.

CHINESE TUNG OIL, MONTHLY AVERAGE PRICES [1]

Month	1963	1964	1965	1966	1967
	US cents per pound	*US cents per pound*	*US cents per pound*	*US cents per pound*	*US cents per pound*
January	38.7	27.5	25.0	19.2	13.5
February	38.7	25.7	24.8	19.6	13.1
March	39.4	24.3	25.0	19.6	12.8
April	37.8	23.0	26.2	19.5	12.2
May	37.2	20.9	25.8	18.8	(2)
June	37.0	19.8	25.2	18.5	(2)
July	36.4	19.8	23.5	16.5	(2)
August	35.9	19.9	21.6	15.8	11.8
September	(2)	19.8	20.7	15.5	—
October	(2)	20.2	19.9	15.3	—
November	30.5	21.0	19.2	15.0	—
December	28.6	23.8	19.2	14.6	—
Average	36.0	22.1	23.0	17.3	—

[1] Quoted in bulk c.i.f. European ports converted from original at an average rate of US$2.80 per £ sterling. [2] Unquoted.
Compiled from Public Ledger, London (Saturday edition).

Despite reduced movements to export markets, 1966 prices for Chinese tung oil, in bulk, c.i.f. European ports, averaged 17.3 US cents or substantially below the average prices in recent years. In 1967 prices have declined further to about 12 cents per pound. The decline reflects a substantial increase in aggregate export availabilities of oil from 1966 crop nuts from South America.

Current prospects indicate that South American tung oil output from this year's nut crop will be substantially below that in 1966.

U.S. Exports of Soybeans, Oils, and Meals

U.S. exports of soybeans during the crop year September-August 1966-67 reached a new high of 257.1 million bushels, topping last year's peak by 6.5 million. Increased exports to Spain, Italy, the Netherlands, and Denmark set new records for each country as recipients of U.S. soybeans.

Soybean oil exports during October-August totaled 937.5 million pounds—up 103.4 million over last year. Increased shipments of soybean oil under Public Law 480 programs did not entirely offset the sharp decline in exports of cottonseed oil. Combined shipments of soybean and cottonseed oil amounted to 1,012.1 million pounds compared with 1,096.9 million last year.

Exports of soybean meal for the 11-month period reached 2,469,500 tons, exceeding last year's level by only 12,500 tons. Total cake and meal exports amounted to 2,593,100 tons—down about 88,000 tons from a year ago. Reduced exports of cottonseed meal accounted for the decline.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, OILCAKE AND MEAL

Item and destination	Unit	August 1966 [1]	August 1967 [1]	Sept.-August 1965-66 [1]	Sept.-August 1966-67 [1]
SOYBEANS					
Japan	Mil. bu.	4.1	5.3	62.0	60.6
Netherlands	do.	1.1	1.7	33.5	36.0
Germany, West	do.	.9	1.3	33.0	32.5
Spain	do.	.8	2.2	17.5	27.4
Canada	do.	1.7	1.7	31.1	20.2
Italy	do.	.3	1.1	15.4	18.0
Denmark	do.	.4	1.0	12.5	14.8
Others	do.	1.8	1.9	45.6	47.6
Total	do.	11.1	16.2	250.6	257.1
Oil Equivalent	Mil. lb.	121.7	177.4	2,751.5	2,823.4
Meal Equivalent	1,000 tons	260.4	379.7	5,888.9	6,042.8
EDIBLE OILS		August		Oct.-August	
Soybean oil: [2]		1966 [1]	1967 [1]	1965-66 [1]	1966-67 [1]
India	Mil. lb.	20.9	18.2	38.1	217.4
Yugoslavia	do.	.6	0	48.1	114.5
Tunisia	do.	8.0	0	31.7	96.1
Pakistan	do.	24.2	7.3	126.8	82.4
UAR, Egypt	do.	16.1	0	40.2	50.5
Burma	do.	14.1	0	60.5	45.0
Vietnam, South	do.	2.0	2.4	17.9	24.6
Greece	do.	.3	(3)	29.0	23.0
Brazil	do.	1.9	.7	27.4	21.4
Canada	do.	1.5	1.3	29.5	19.2
Colombia	do.	3.1	0	41.5	18.0
Chile	do.	(3)	0	3.4	13.8
Others	do.	10.1	17.4	340.0	211.6
Total	do.	102.8	47.3	834.1	937.5
Cottonseed oil: [2]					
Venezuela	do.	1.8	1.4	29.8	28.9
UAR, Egypt	do.	0	0	38.8	25.5
Canada	do.	.8	.5	39.9	7.6
Others	do.	.4	.9	154.3	12.6
Total	do.	3.0	2.8	262.8	74.6
Total oils	do.	105.8	50.1	1,096.9	1,012.1
CAKES AND MEALS					
Soybean:	1,000				
Germany, West	tons	47.7	30.8	473.7	424.2
France	do.	41.9	28.0	446.4	391.3
Netherlands	do.	28.0	35.1	308.0	390.2
Belgium	do.	19.0	20.8	207.0	215.6
Canada	do.	11.7	14.1	147.8	203.0
Italy	do.	.2	6.9	147.6	185.3
Yugoslavia	do.	0	19.7	77.8	154.4
Denmark	do.	10.0	8.2	143.8	101.9
United Kingdom	do.	4.5	11.2	98.3	79.9
Poland	do.	0	0	64.1	39.8
Others	do.	12.1	17.0	343.0	283.9
Total	do.	175.1	191.8	2,457.5	2,469.5
Cottonseed	do.	.2	.4	97.8	7.3
Linseed	do.	3.1	6.5	89.5	87.0
Total cakes and meals [4]	do.	179.4	204.1	2,681.2	2,593.1

Note: Countries indicated are ranked according to quantities taken in the current marketing year.
[1] Preliminary. [2] Includes shipments under P.L. 480 as reported by Census. [3] Less than 50,000 pounds. [4] Includes peanut cake and meal and small quantities of other cakes and meals.
Compiled from Census records.

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Latin American Countries Look Toward Agricultural Integration

A special study group of the Latin American Free Trade Association (LAFTA) created to help move the organization at a faster pace toward its goal of free trade has begun a series of meetings to plan and coordinate agricultural policy.

The study group in its initial session this summer reached accord that a two-step approach be followed in working toward an integrated agriculture. First, the study group said, LAFTA should determine the comparative advantage of each country for supplying agricultural products, and second, it should determine the regional and external demand for such products. Among the specific recommendations made by the study group were:

- That all member countries submit basic data on the resource base (soil, climate, water reserves, and other data) to permit evaluation of actual and potential land use.
- That, for some 30 representative products of the region, all member countries submit information on product prices and price regulations; production costs; direct or indirect subsidies; transportation costs to possible markets; planted area, yields, and production; and the proportion of production exported.
- That member countries provide names of institutions which have undertaken agricultural research and a list of resulting publications or information available.
- That local and international organizations be asked to submit available projections of supply and demand for 30 representative products and to undertake studies on underemployment in agriculture, rural-urban migration, intraregional migration of farm workers, and the feasibility of increased processing of agricultural raw materials as a means of absorbing surplus rural labor and furthering import substitution of those commodities that utilize regional raw materials.
- That technical study groups be established to consider possible agreements among member countries regarding policy coordination and harmonization.
- That extension of international credit should be aimed at encouraging production of those agricultural products which have a comparative advantage in the regional market.

Several difficulties to be resolved in order to achieve a harmonized agriculture were also identified by the study group. These were differences in stages of development and development planning among member countries, the lack of legislative sanction in some cases, and an insufficient data base for comparative evaluation of respective policies.

Various trade preferences on agricultural products have already been negotiated among LAFTA countries. These preferences have helped to increase intra-LAFTA trade in several agricultural products, notably cotton. Recently, preferences have benefitted LAFTA trade in vegetable oils, wheat, and some fresh fruit. However, increases in intra-agricultural trade have been limited by escape clauses used to nullify or modify preferences granted and by state trading and bilateral agreements between LAFTA and non-LAFTA countries. In addition, exports have generally been maintained to traditional foreign markets. These factors, as well as the difficulties of further reducing trade barriers among LAFTA countries in different stages of development, may continue to limit rapid increase in intra-LAFTA agricultural trade.

U.S. farm products—chiefly wheat and flour, vegetable oils, dairy products, feedgrains, and fruits and vegetables—have accounted for about one-third of LAFTA agricultural imports since the organization's founding in 1961. Thus far, LAFTA preferences have affected some U.S. agricultural exports such as cotton and wheat. However, as the LAFTA nations move closer to their goal of free trade within the 11-member group, U.S. agricultural products exported to these countries will likely meet increasing competition.

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